

Amendments to the Drawings:

The attached sheets of drawings include changes to Figs. 1-27. These drawing sheets replace the original sheets including Figs. 1-27.

In sheets 1-25, the title of the invention, the inventor's name, application number, docket number (i.e. "identifying indicia") have been added, pursuant to 37 CFR 1.84(c).

REMARKS

Applicant respectfully requests reconsideration of the above referenced application in light of the Amendment submitted herewith and the Remarks that follow. Claims 1-22 are now pending in this application.

In the Office Action dated January 10, 2008 (hereinafter the "Office Action"), claim 3 was objected to because of an informality. The drawings were also objected to because identifying indicia were not provided and because no petition was filed under 37 CFR 1.84(a)(2) to permit the color drawings. Claims 1-17 were rejected under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent No. 6,161,098 to Wallman (hereinafter "Wallman") in view of U.S. Patent No. 6,321,212 to Lange (hereinafter "Lange").

Applicant respectfully traverses each of these rejections.

The undersigned's Remarks are preceded by related comments in the Office Action, presented in small bold-faced type font.

Claim Objections

Claim 3 is objected to because of the following informalities: The use of the word "automate" is not proper grammar. The examiner assumes for the purpose of this examination that the applicant meant to use the word "automatic." Appropriate correction is required.

Office Action, pg. 2.

Applicant respectfully submits that this objection is moot in view of the Amendment of claim 3 submitted herewith, in which "automate" has been changed to "automatic".

Drawings

The drawings are objected to because:

- Identification of drawings. Identifying indicia should be provided, and if provided, should include the title of the invention, inventor's name, and application number, or docket number (if any) if an application number has not been assigned to the application. If this information is provided, it must be placed on the front of each sheet within the top margin. 37 CFR 1.84(c)

- Color photographs and color drawings are not accepted unless a petition filed under 37 CFR 1.84(a)(2) is granted. Any such petition must be accompanied by the appropriate fee set forth in 37 CFR 1.17(h), three sets of color drawings or color photographs, as appropriate, and, unless already present, an amendment to include the following language as the first paragraph of the brief description of the drawings section of the specification:

Color photographs will be accepted if the conditions for accepting color drawings and black and white photographs have been satisfied. See 37 CFR 1.84(b)(2).

Office Action, pg. 2-3.

Applicant respectfully submits that this objection is moot in view of the Amendments to the Drawings submitted herewith, which incorporate identifying indicia into each one of the drawings.

In addition, Applicant respectfully submits herewith a proper petition for the color drawings under 37 CFR 1.84(a)(2).

Claim Rejections - 35 USC §103

Claims 1-17 as interpreted by the Examiner in the above claim objection are rejected under 35 U.S.C. 103(a) as being unpatentable over Wallman, US Patent 6,161,098, in view of Lange, US Patent 6,321,212.

As per claims 1 and 15:

Wallman teaches:

A computer-implemented method for managing an investment portfolio, the method comprising: at an application server remotely accessible by a web browser (see at least column 13 line 24-27, storing investor portfolio data at the server, the portfolio data comprising data identifying assets owned by an investor and tax status information associated with the investor (see at least column 3 line 13-17); computing a hedging strategy based on a portfolio analysis comprising an analysis of at least a first one of the assets identified by the investor portfolio data (see at least column 3 line 36-38), wherein: computing said hedging strategy comprises determining at least a first hedging transaction (see at least column 3 line 38-43), and the portfolio analysis further comprises a tax impact analysis to determine gain and loss and tax impact data associated with the first hedging transaction, said determined gain, loss and tax impact data being determined based on the investor's particular tax status information (see at least column 3 line 38-43; and presenting hedging strategy and tax impact information particularized to the investor (see at least column 3 line 45-47).

He does not specifically disclose the details of how the hedging strategy is determined. However, Lange teaches the details of computing the hedging strategy in at least column 10 line 43-57. It would have been obvious to one of ordinary skill in the art at the time of the transaction to combine Wallman and Lange to produce a method to manage a portfolio with details on how the hedging strategy is determined and selected with motivation to better handle risk in managing a portfolio using an automated trading process.

Office Action, pg. 3-4.

Applicant respectfully traverses these rejections. Applicant respectfully submits that the Office Action has not established a *prima facie* case of obviousness because there is no motivation to modify or combine the reference teachings and even if the references were combined, none of the cited references, alone or in combination, describe or suggest all of the claimed limitations of at least claims 1, 15, 17 and 18.

(a) Even if the references were combined, none of cited references, alone or in combination, describe or suggest all of the claimed limitations of the present invention:

Even if Wallman and Lange were combined, none of the references, alone or in combination, describe or suggest all of the claimed limitations of independent claims 1, 15, 17 and 18.

In reference to independent claims 1 and 15, Applicant submits that, none of the references, alone or in combination, disclose or suggest the step of “determining a hedging strategy based on a portfolio analysis ... of the assets ... wherein said hedging strategy comprises at least one hedging transaction.” With regard to Wallman, Applicant respectfully notes that *Wallman does not disclose, describe or suggest hedging at all* and, therefore, is simply not pertinent to the question. With respect to Lange, Lange describes systems and methods for investing in “contingent claims.” Claims are contingent in that their payout or return depends on the outcome of an observable event with more than one possible outcome at the end of a predetermined period. Abstract; Col. 1, Lines 48-59; Col 7, Lines 3-13. The systems and methods described in Lange provide an alternative to traditional derivatives securities (e.g., like an option) for investors who want to hedge against contingent claims. As an alternative to traditional derivative securities (e.g., like an option), Lange merely describes a type of *hedging transaction* into which an investor might enter. But Lange does not appear to disclose or suggest the step of “determining a *hedging strategy*...” Lange appears to presume that a hedging strategy has previously been determined and that the investor has chosen the systems and methods described in Lange to implement the hedging

strategy *as an alternative* to investing in traditional derivative securities that would more conventionally be used to implement the same hedging strategy. Accordingly, Lange also does not disclose or suggest a step of “determining a hedging strategy based on a portfolio analysis ... of the assets ... wherein said hedging strategy comprises at least one hedging transaction.” For the foregoing reasons, Applicant respectfully submits that none of the references, alone or in combination, disclose or suggest all of the claimed limitations recited in independent claims 1 and 15.

With respect to independent claim 17, Applicant respectfully submits that none of the references, alone or in combination, disclose or suggest all of the claimed limitations recited in claim 17 for all the reasons set forth above in reference to claims 1 and 15.

With respect to new independent claim 18, Applicant respectfully submits that none of the references, alone or in combination, disclose or suggest all of the claimed limitations recited in claim 17 for all the reasons set forth above in reference to claims 1, 15 and 17.

With respect to dependent claims 2-14, 16 and 19-22, these claims depend, directly or indirectly, from independent claims 1, 15 and 18, respectively. Each of these dependent claims defines further features of Applicant’s invention. As such, Applicant respectfully submits that none of the references, alone or in combination, disclose or suggest all of the claimed limitations recited in these claims for at least the reasons set forth above in reference to claims 1, 15 and 18, as well as for the additional limitation features recited therein.

(b) There is no motivation to modify or combine the reference teachings:

Applicant respectfully submits that the Office Action has not demonstrated a finding that there was some teaching, suggestion, or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the references or to combine the reference teachings, as required by the MPEP § 2143(G).

As an initial matter, Applicant respectfully submits that the teaching or suggestion to make the claimed combination is not found in either Wallman or Lange. As noted above, none of these references disclose or suggest “determining a hedging strategy”. There is no discussion of hedging in Wallman and there is no discussion of tax information in Lange. In addition, Applicant respectfully submits that one of ordinary skill in the art would not be motivated to modify the references or to combine the reference teachings because even if the references were or could be combined, their combination would not result in Applicant’s claimed invention (i.e. the Applicant’s claimed limitations are not taught by the cited references, as discussed earlier).

The Office Action has provided the following arguments to support the statement that it would have been obvious to a person of ordinary skill in the art to modify Wallman in view of Lange:

It would have been obvious to one of ordinary skill in the art at the time of the transaction to combine Wallman and Lange to produce a method to manage a portfolio with details on how the hedging strategy is determined and selected with motivation to better handle risk in managing a portfolio using an automated trading process.

Office Action, pg. 3-4 (emphasis added).

This line of reasoning is in accordance with the Office Action’s statement in reference to Applicant’s claim 3 that:

Lange further teaches wherein risk preferences comprises data enabling automatic selection from among a plurality of hedging strategies having different risk profiles, said strategies comprising protective and yield enhancing strategies (see at least column 10, line 43-45).

Office Action, pg. 5.

Applicant respectfully disagrees with the statement in the Office Action that it would have been obvious to one of ordinary skill in the art at the time of the [invention] to combine Wallman and Lange to produce a method to manage a portfolio with details on how the hedging strategy is determined and “selected” for at least the reason that Lange does not teach or discuss “hedging strategy selection” in neither column 10, line 43-45 nor in any other part of Lange. Lange discusses a single manner to

calculate an amount of hedge investment (col. 59, line 6 - col. 61, line 3) which is based on demand-based adjustable return (DBAR). Thus, Lange's discusses DBAR hedging. Lange does not teach or discuss "a plurality of hedging strategies" or hedging strategy selection, as discussed earlier. Thus, it would not have been obvious to one of ordinary skill in the art at the time of the invention to combine Wallman and Lange to produce a method to manage a portfolio with details on how the hedging strategy is determined and selected with motivation to better handle risk in managing a portfolio using an automated trading process.

In addition, Applicant respectfully submits that the Office Action has not provided a convincing line of reasoning of how one of skill in the art would have been able to arrive at Applicant's claimed invention by combining Wallman and Lange, given the fact that these references, even when combined do not teach all the limitations of Applicant's claimed invention.

Applicant respectfully submits that this appears to be a case in which the Office Action's conclusion of "obviousness" is merely based on an application of hindsight reasoning gained by the review of the present application. Such hindsight reasoning is impermissible.

As the MPEP notes:

The tendency to resort to "hindsight" based upon applicant's disclosure is often difficult to avoid due to the very nature of the examination process. However, impermissible hindsight must be avoided and the legal conclusion must be reached on the basis of the facts gleaned from the prior art.

MPEP § 2142; and

When applying 35 U.S.C. 103, the following tenets of patent law must be adhered to: (...) (C) The references must be viewed without the benefit of impermissible hindsight vision afforded by the claimed invention (...) Hodosh v. Block Drug Co., Inc., 786 F.2d 1136, 1143 n.5, 229 USPQ 182, 187 n.5 (Fed. Cir. 1986).

MPEP § 2141 II

Thus, Applicant respectfully submits that the Office Action's conclusion that claims 1 and 15 would have been obvious to one of ordinary skill in the art is unsupported by Wallman and Lange.

c) Response to Examiner's rejection

As an initial matter, Applicant respectfully disagrees with the statement in the Office Action that column 3 line 36-38 of Wallman discloses "computing a hedging strategy based on a portfolio analysis comprising an analysis of at least a first one of the assets identified by the investor portfolio data". The cited portion of Wallman recites the following:

The present invention provides a method for enabling a user to determine the tax consequences from selling multiple assets/liabilities. The method includes the steps of: a) determining the potential tax consequences that would result from trading various combinations of the plurality of assets/liabilities, in which each of the potential tax consequences represents the potential tax consequence that would result from trading one particular subset of assets/liabilities.

Wallman, col. 3, lines 36-43.

Applicant respectfully submits that the cited section of Wallman describes a summary of his disclosed invention; however, neither said cited passage nor any other part of Wallman discloses, mentions or suggests at least any kind of hedging.

Similarly, Applicant respectfully disagrees with the statement in the Office Action that column 3 line 36-38 of Wallman discloses "determining at least a first hedging transaction". Neither said cited passage nor any other part of Wallman discloses, mentions or suggests at least determining at least a first hedging transaction.

Consequently, Applicant also respectfully disagrees with the statement in the Office Action that column 3 line 36-38 of Wallman discloses "the portfolio analysis further comprises a tax impact analysis to determine gain and loss and tax impact data associated with the first hedging transaction". Neither said cited passage nor any other part of Wallman disclose, mention or suggest at least a tax impact analysis to determine gain and loss and tax impact data associated with at least one hedging transaction.

For at least the same foregoing reasons, Applicant also respectfully disagrees with the statement in the Office Action that column 3 line 45-47 of Wallman discloses the limitations in claim 1 “presenting hedging strategy and tax impact information particularized to the investor”. The cited portion of Wallman recites the following:

c) displaying the potential proceeds and the potential tax consequences in a graphical format.

Wallman, col. 3, lines 45-47.

Neither said cited passage nor any other part of Wallman discloses, mentions or suggests at least presenting hedging strategy and tax impact information particularized to the investor.

The Office Action states that Wallman “does not specifically disclose the details of how the hedging strategy is determined” (Office Action, pg. 4); however, Applicant respectfully submits that not only does Wallman not disclose the details of how a hedging strategy is determined, but he does not discuss hedging at all.

For at least the foregoing reasons, Applicant further submits that Wallman does not teach, mention or suggest the limitations in claim 15 corresponding to those discussed with respect to claim 1.

Applicant further respectfully submits that Lange does not cure Wallman’s defects. Applicant respectfully disagrees with the statement in the Office Action that column 10, lines 43-57 of Lange “teaches the details of computing the hedging strategy”. The cited portion of Lange recites the following:

In summary, the present invention provides systems and methods for conducting demand-based trading. A preferred embodiment of a method of the present invention for conducting demand-based trading includes the steps of (a) establishing a plurality of defined states and a plurality of predetermined termination criteria, wherein each of the defined states corresponds to at least one possible outcome of an event of economic significance, (b) accepting investments of value units by a plurality of traders in the defined states; and (c) allocating a payout to each investment. The allocating step is responsive to the total number of value units invested in the defined states, the relative number of value units invested in each of the

*defined states, and the identification of the defined state
that occurred upon fulfillment of all of the termination
criteria.*

Lange, col. 10, lines 43-57.

Applicant respectfully submits that there is no mention or teaching of hedging in the cited portion of Lange. Applicant respectfully submits that Applicant's claims 1 requires "determining a hedging strategy based on a portfolio analysis", wherein the "portfolio analysis further comprises a tax impact analysis to determine gain and loss and tax impact data associated with at least one hedging transaction, said determined gain, loss and tax impact data being determined based on the investor's particular tax status information" (Applicant's claim 1). Similarly, Applicant's claim 15 requires that a hedging strategy be "based on analysis of at least a one of the assets identified by the investor portfolio data, said analysis being based on at least (i) the tax status information and risk preferences associated with the investor" (Applicant's claim 15). Applicant respectfully submits that Lange does not disclose, mention or suggest these limitations in neither the passage cited in the Office Action, nor in any other part of the patent. In fact, Lange, which is a quite extensive disclosure consisting of 116 columns and 10 Figures does not disclose or mention tax information at all.

For at least the foregoing reasons, Applicant respectfully submits that at least independent claims 1 and 15 are distinguishable and unobvious over Wallman in view of Lange and notice to the effect that these claims are in condition for immediate allowance is respectfully requested.

Claims 2-14 depend directly or indirectly from independent claim 1, and claim 16 depends from independent claim 15. Each of these dependent claims defines further features of the method. As such, these claims are patentable for at least the reasons noted above with respect to claims 1 and 15, as well as for the additional features recited therein. Accordingly, notice to the effect that dependent claims 2-14 and 16 are in condition for immediate allowance is respectfully requested.

As per claim 7:

(...) [T]he Examiner takes Official Notice that it is old and well known in the finance arts that said portfolio analysis further comprises applying a tax straddle rule and constructive sales rules compliant with the Taxpayer Relief Act of 1997. It would have been obvious to one of ordinary skill in the art at the time of the invention to manage a portfolio in compliance with the Taxpayer Relief Act of 1997 with motivation to work within the confines of the law and thus avoiding costly fines.

Office Action, pg. 6-7.

Applicant respectfully submits that, if any fact not shown in a cited reference is relied upon by the Office Action to support a claim that the subject matter is “obvious,” the Office Action must meet the standards for the taking of Official Notice as set by the MPEP (§ 2144.03(A, C)). It is respectfully submitted that the subject matter of which the Office Action has taken notice is “not capable of instant and unquestionable demonstration as being well-known,” id., and that the undersigned knows of no manner for instantly and unquestionably demonstrating that such subject matter is well known for at least the reason that “said portfolio analysis”, as required by claim 7 in reference to the portfolio analysis of claim 1 (emphasis added) is not taught, suggested or obvious in view of Wallman or Lange, either alone or in combination. Further, it is submitted that, to the extent the Office Action did take such notice, the Office Action appears to have relied on its understanding of “‘common knowledge’ in the art ... as the principal evidence upon which a rejection was based,” id., which in accordance with the MPEP it is inappropriate to do “without evidentiary support in the record,” id. The undersigned knows of no such evidentiary support in the record.

As per claim 17:

This is the system claim including the necessary means and processors for implementing the method claims 1-16. Therefore, claim 17 is rejected based on the rationale provided under claims 1-16. Wallman teaches that this method is performed on a computer; see at least column 13 line 19-34.

Office Action, pg. 9.

Applicant respectfully traverses the rejection of claim 17 for at least the same reasons as those presented above in reference to claims 1 and 15. Accordingly, notice to the effect that independent claim 17 is in condition for immediate allowance is respectfully requested.

Claim Amendments

Applicant respectfully submits that claims 1-2, 4, 8-9, 15 and 17 have been amended for clarity. Claims 1 and 12 have been further amended to correct a lack of antecedent basis, in the case of claim 1, for limitations in claims 2, 4 and 9, and in the case of claim 12, for a limitation in claim 1. Claim 11 has been amended to correct grammatical errors. Applicant respectfully submits that no new matter has been added in any of these amendments, which have been submitted for purposes of clarity.

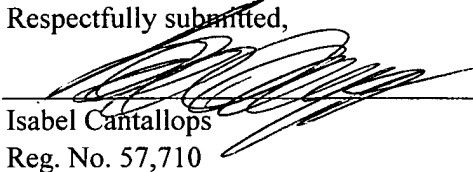
CONCLUSION

Claims 1-4, 8-9, 11-12, 15 and 17 and the Drawings have been amended. Claims 18-22 have been added. Claims 1-22 are now pending and believed to be in condition for allowance. Applicant has made a diligent effort to place this application in better condition for immediate allowance and notice to this effect is earnestly solicited. The Examiner is respectfully requested to reconsider the application at an early date with a view towards issuing a favorable action thereon. If upon the review of the application, the Examiner is unable to issue an immediate notice of allowance, he is respectfully requested to telephone the undersigned attorney at (212) 895-1376 with a view towards resolving the outstanding issues.

The Commissioner is authorized to charge and fees required in connection with this submission to Deposit Account No. 50-0521.

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Respectfully submitted,


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